

NEW YORK CITY WATER BOARD MEETING

AGENDA

Friday, September 19, 2014 - 8:30 A.M.

**Location: New York City Department of City Planning
22 Reade Street, 1st Floor, Spector Hall
New York, New York 10007**

1. Roll Call
2. Resolution: Approval of Minutes of June 13, 2014 Meeting
3. Resolution: Authorization of Organizational Consultant Contract Amendment
4. Resolution: Extension of Consent to Granting Conservation Easements on Watershed Lands
5. Presentation: Financial Update

NEW YORK CITY WATER BOARD

September 19, 2014

RESOLUTION

WHEREAS, pursuant to Section 1045-g(8) of the New York City Municipal Water Finance Authority Act (the “Act”), the Board is authorized to enter into contracts and to retain private consultants on a contract basis for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities; and,

WHEREAS, the Board entered into a consulting agreement (the “Agreement”) dated as of January 27, 2014 with WorkLab Consulting LLC (“WorkLab”), in the amount of \$94,800 whereby WorkLab is assisting with the implementation of an optimized organizational structure and complementary streamlined processes for the Bureau of Water and Sewer Operations (BWSO) of the New York City Department of Environmental Protection (“DEP”); and

WHEREAS, such work performed by WorkLab has been successful, and WorkLab has significant institutional knowledge of DEP; and

WHEREAS, in the interest of enhancing DEP’s operations and customer service and controlling costs for the Water and Sewer System’s ratepayers, DEP management has identified a need for additional services from WorkLab that will enable an organizational redesign to be undertaken throughout DEP; and

WHEREAS, in accordance with the Board’s Policy on the Procurement of Goods and Services, in particular, Section 5.i. (explicit Board approval of contracts where the cumulative value exceeds \$100,000), Section 6.iv. (waiver of competitive solicitation where the procurement is a continuation of existing services that is desirable for purposes of continuity and compatibility), and Section 6.v (waiver of competitive solicitation where a person or firm has superior qualifications to perform the service or provide the goods at a cost that is determined to be fair and reasonable), the Board finds such justification reasonable and appropriate; it is therefore,

RESOLVED, that the Executive Director is hereby authorized and directed in the name of and on behalf of the Board to execute an amendment to the Agreement with WorkLab to provide the additional services, upon such terms and conditions as the Executive Director may deem reasonable and appropriate. Total compensation for services performed under the Agreement and amendment shall not exceed \$500,000.

NEW YORK CITY WATER BOARD

September 19, 2014

RESOLUTION

WHEREAS, pursuant to the New York City Watershed Memorandum of Agreement, dated January 21, 1997 (the “MOA”), the City of New York (the “City”), acting by and through the New York City Department of Environmental Protection (“DEP”), is engaged in a land acquisition program in the New York City Watershed; and

WHEREAS, pursuant to such program, the City is seeking to acquire fee title to, or conservation easements on, sensitive watershed lands to better protect the quality of the City’s drinking water; and

WHEREAS, pursuant to the MOA, the City agreed to grant conservation easements to the New York State Department of Environmental Conservation (“NYSDEC”) on lands acquired in fee under such program, all as more fully described in and subject to the terms of Paragraph 82 of the MOA; and

WHEREAS, the granting of such conservation easements constitutes the granting of an interest in real property subject to the Agreement of Lease, dated as of July 1, 1985, as amended (as so amended, the “Lease”), between the City and the New York City Water Board (the “Board”); and

WHEREAS, pursuant to Section 11.1(d)(ii) of the Lease, the City may, with the prior written consent of the Board, grant interests in the Leased property which, in the reasonable judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of revenues from the System; and

WHEREAS, by resolution adopted on June 19, 2003, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form annexed to such resolution, for a period of one (1) year, and on the condition that a report on the

land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, by resolutions adopted on May 7, 2004, September 15, 2006, November 20, 2008, and March 18, 2011, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form as approved by the Board on June 19, 2003, each for an additional period of two (2) years, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, DEP has submitted a report on the progress of the land acquisition program together with a request to extend such consent for an additional period of four (4) years; it is therefore

RESOLVED, that the Board hereby gives its consent, for an additional period of four (4) years from the date hereof, to the granting of conservation easements by the City to NYSDEC on lands acquired in fee simple under the City's watershed land acquisition program, as and when required pursuant to the terms of the MOA; and be it further

RESOLVED, that a report be submitted to the Board on the progress of the City's land acquisition program in two years, as well as in four years with any request to extend such consent beyond such four (4) year period; and be it further

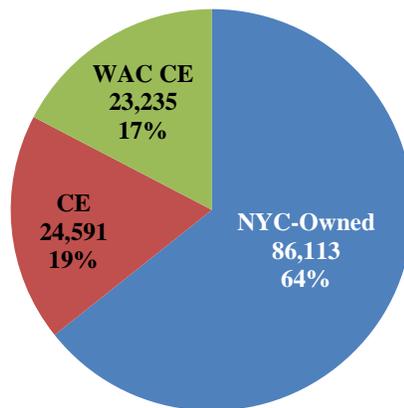
RESOLVED, that the officers of the Board be, and each of them hereby is, authorized and empowered, in the name and on behalf of the Board, to execute such agreements and other instruments, and to take such other and further actions, as the officers or any officer deems necessary or appropriate to effectuate the foregoing resolutions.



Bureau of Water Supply Land Acquisition Program All Signed Contracts by Real Estate Type

Real Estate Type	Number of Parcels	Number of Acres	Average Acres per Parcel	Purchase Price	Average Price per Acre
NYC-Owned Land Acquired in Fee Simple (NYC-Owned)	1,268	86,113	68	\$358,426,072	\$4,162
NYC Conservation Easements on Private Land (CE)	170	24,591	145	\$75,988,585	\$3,090
Watershed Agricultural Council Conservation Easements on Private Land (WAC CE)	127	23,235	183	\$32,604,191	\$1,403
Grand Total	1,565	133,939	86	\$467,018,848	\$3,487

Real Estate Acreage by Type



NYC-Owned Land Acquired in Fee Simple (NYC-Owned) – These lands are acquired outright from private owners, and the City is obligated by the Watershed MOA to grant conservation easement on these properties to the New York State Department of Environmental Conservation (NYSDEC).

NYC Conservation Easements on Private Land (CE) – These are conservation easements acquired by the City over privately-owned property. No disposition to NYSDEC is needed.

Watershed Agricultural Council Conservation Easements on Private Land (WAC CE) - These are conservation easements acquired by the Watershed Agricultural Council over privately-owned agricultural property. The City holds third-party enforcement rights. No disposition to NYSDEC is needed.



Financial Update

September 19, 2014

Revenue Collections - FY 2015

- FY 2015 collections are currently \$36 million or 2.8% ahead of plan

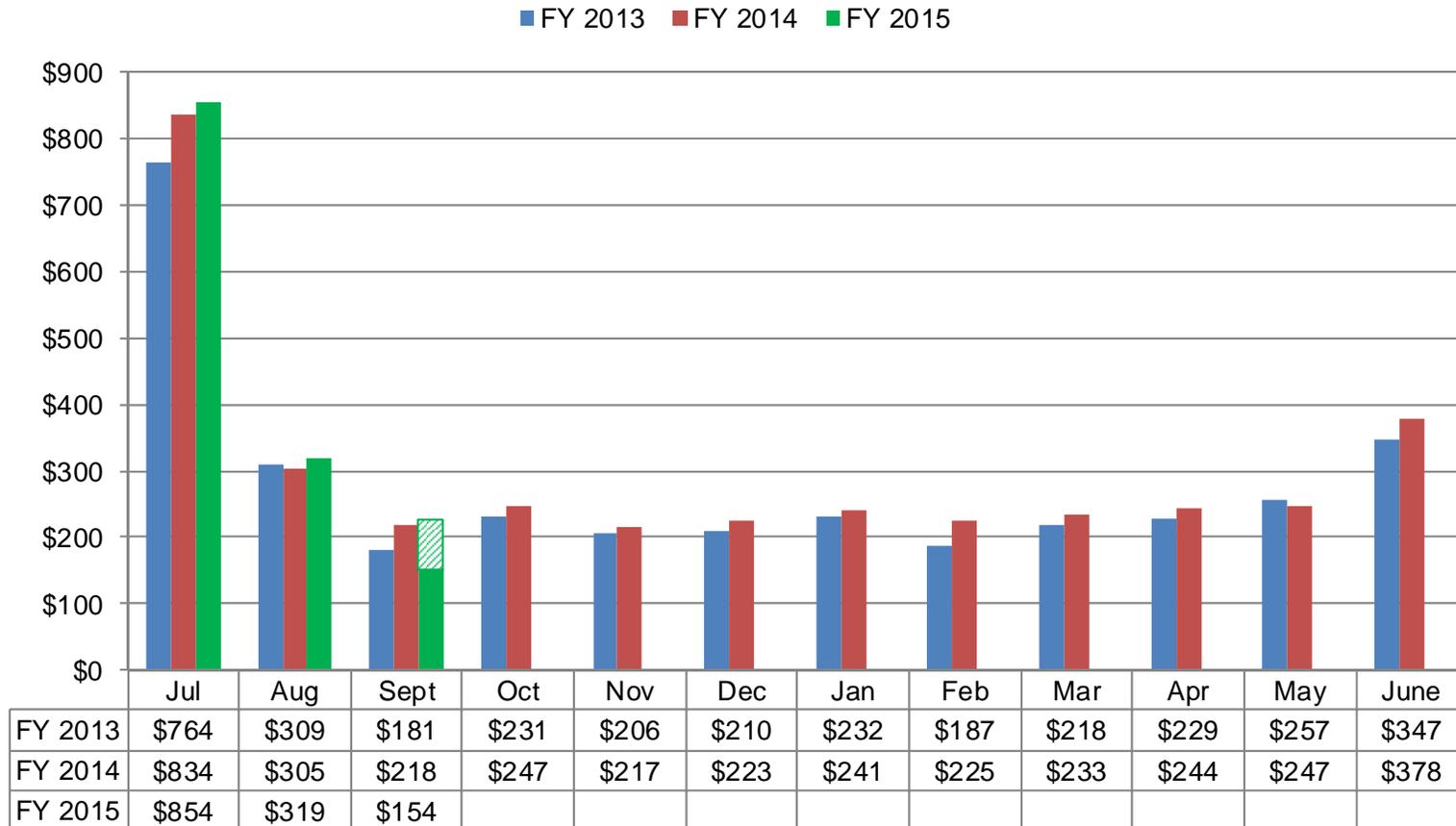
Revenue Collections vs. Plan (\$M)

	FY 2015 Collections	Prorated FY 2015 Plan	Difference in Amount	Percentage Difference
July	\$854	\$850	\$5	0.6%
August	\$319	\$311	\$8	2.5%
September (12 collection days)	\$154	\$130	\$24	18.2%
Subtotal	\$1,327	\$1,291	\$36	2.8%

	FY 2015 Plan through September	Amount Uncollected (YTD)	September Plan	Amount Uncollected (September)	Percentage Uncollected (September)	Per Day Collections to Make Plan
Total	\$1,389	\$61	\$228	\$74	32%	\$8

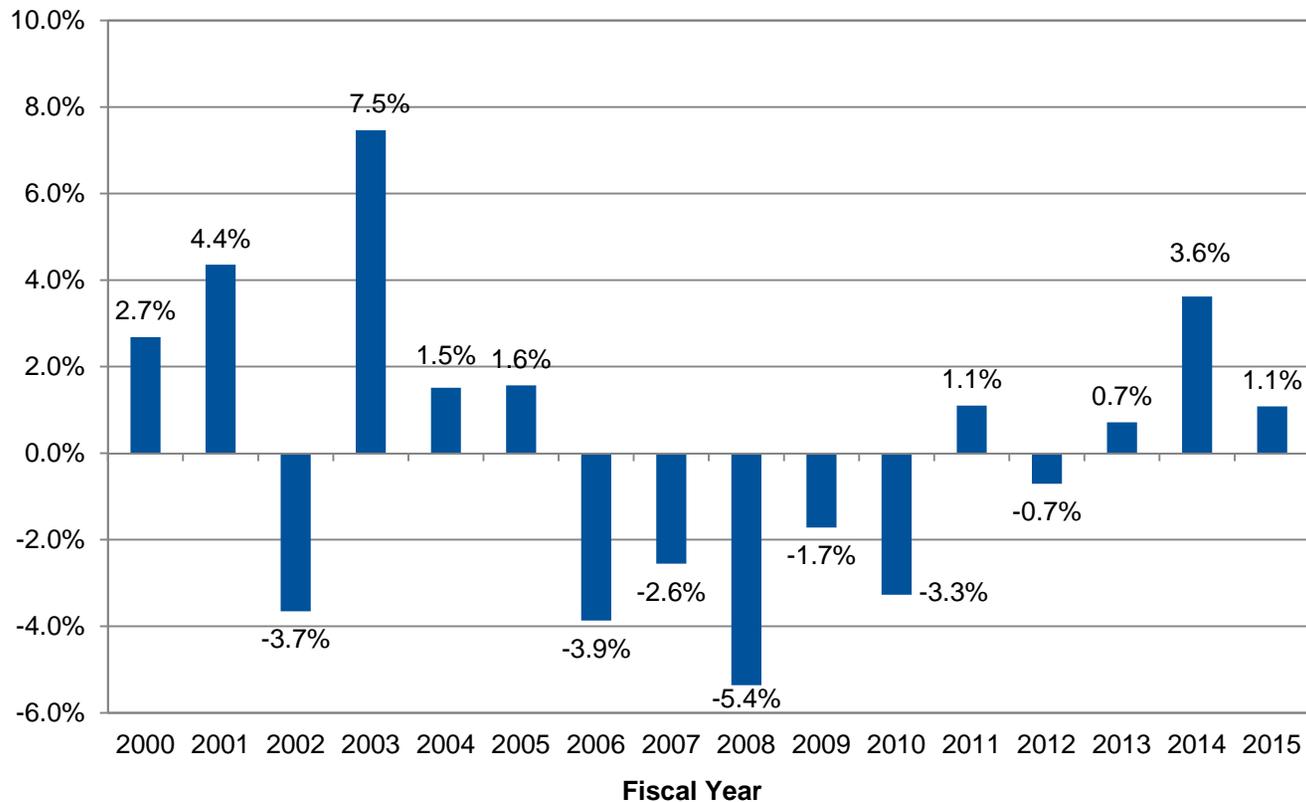
Revenue Collections

Monthly Revenue Collection – Year-Over-Year Comparison (\$M)



Year-to-date Revenue – Historical Comparison

- Through August, year-to-date revenues were 1.1% ahead of plan



In-City Distribution

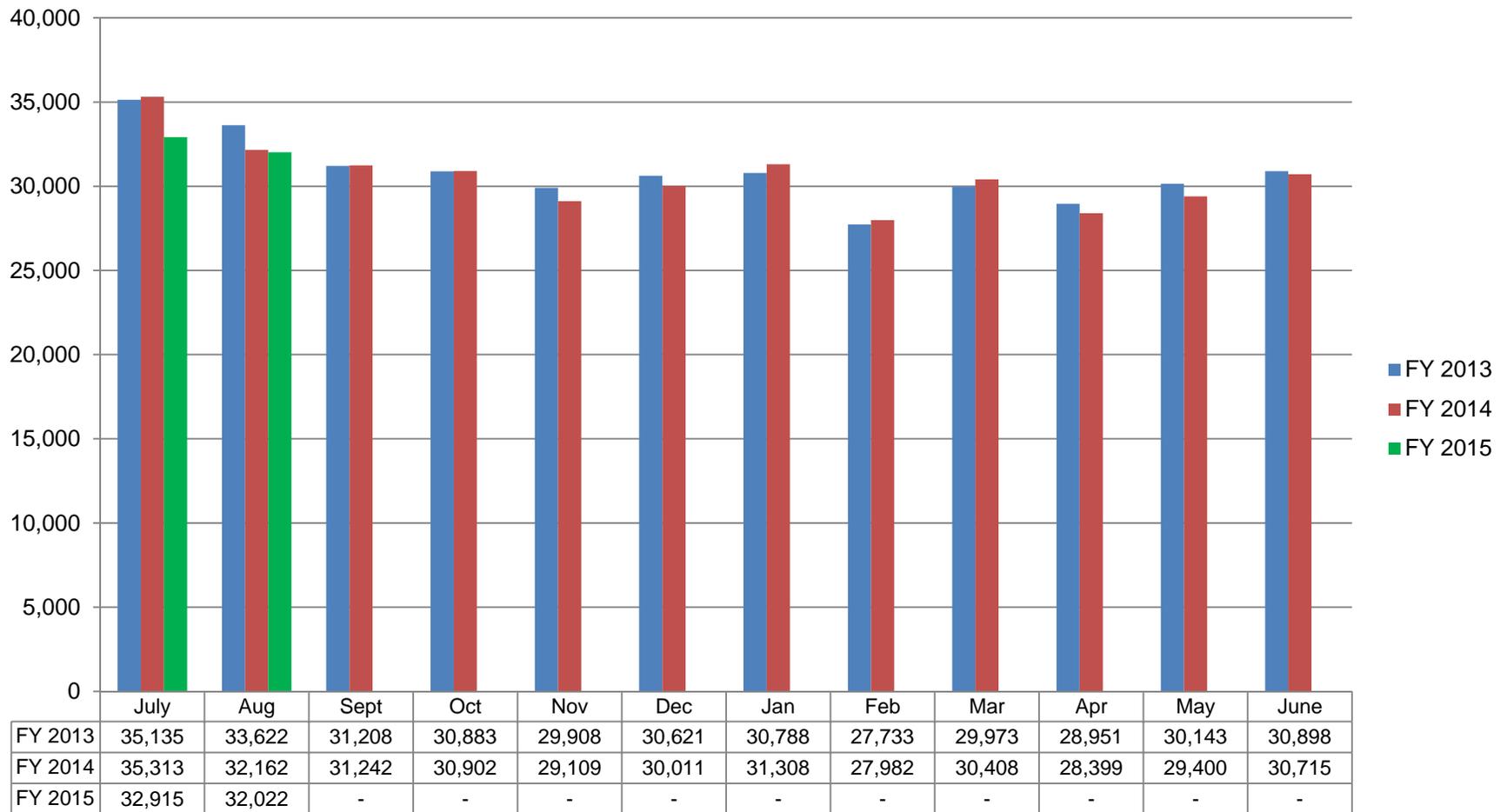
Millions of Gallons of Water Distributed

Month	FY 2013	FY 2014	FY 2015	Year over Year Change (most recent years)	% Change
July	35,135	35,313	32,915	-2,398	-6.8%
August	33,622	32,162	32,022	-140	-0.4%
September	31,208	31,242			
October	30,883	30,902			
November	29,908	29,109			
December	30,621	30,011			
January	30,788	31,308			
February	27,733	27,982			
March	29,973	30,408			
April	28,951	28,399			
May	30,143	29,400			
June	30,898	30,715			
July - August Total	68,757	67,475	64,937	-2,538	-3.8%

In-City Distribution

- In the first two months of FY 2015 DEP distributed 3.8% less water than during the same period in FY 2014, and 5.6% less water than in FY 2013

Millions of Gallons of Water Distributed – Year-Over-Year Comparison



Change in Metered Consumption

“Same-Customer Sales”– Year-Over-Year Average Daily Flow Comparison (MG)*

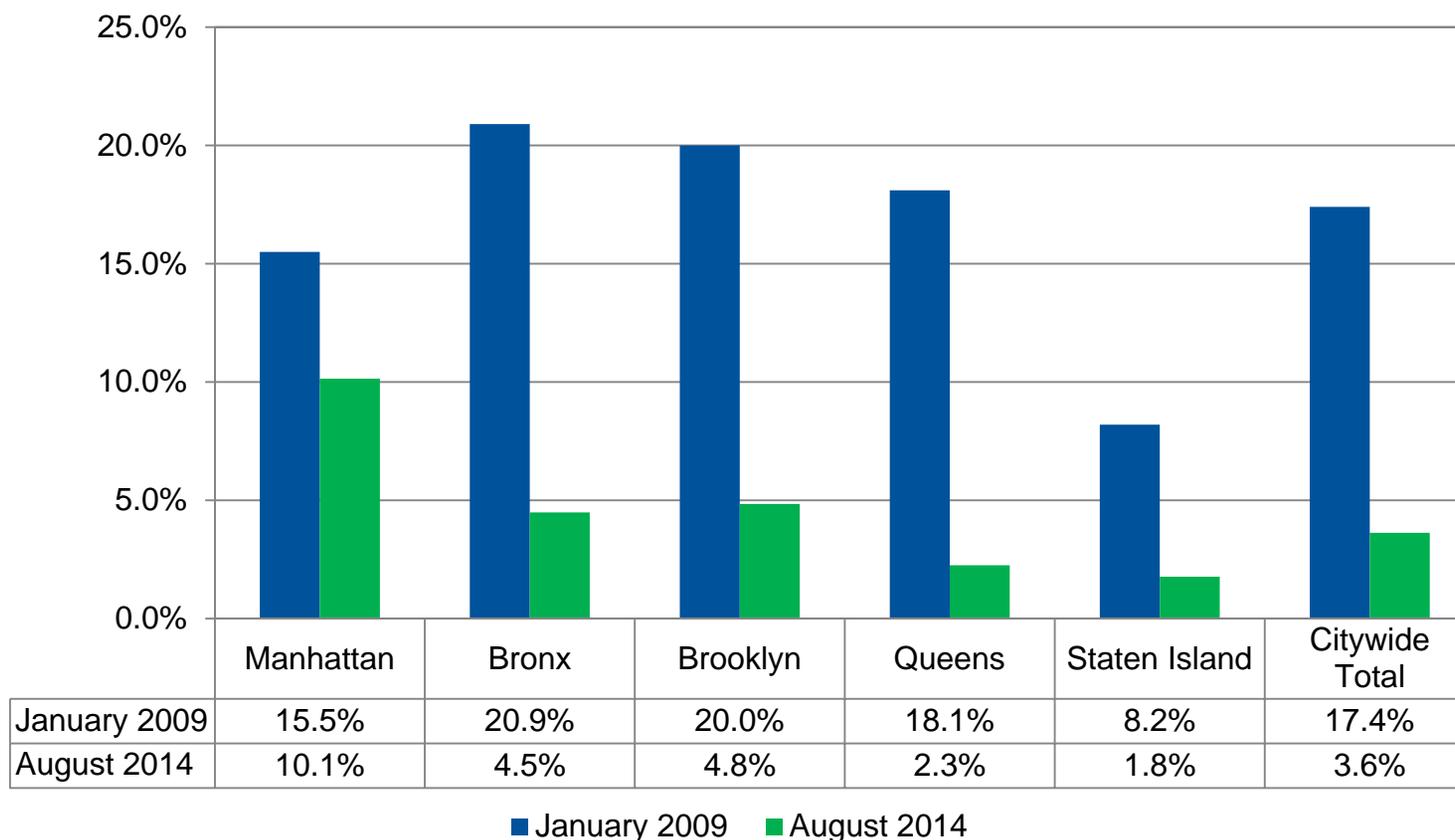
Billed Month	CY 2012	CY 2013	CY 2014	Year-over-Year Change (most recent years)	% Change	# of Accounts
January	166.1	165.5	167.5	2.0	1.2%	252,045
February	156.1	162.0	162.3	0.3	0.2%	255,592
March	164.1	166.3	166.8	0.5	0.3%	256,095
April	171.3	177.5	179.6	2.1	1.2%	260,363
May	148.1	155.3	155.0	-0.3	-0.2%	235,863
June	170.5	177.9	175.5	-2.4	-1.4%	234,577
July	178.0	159.2	163.3	4.1	2.6%	220,574
August	173.9	183.1	180.7	-2.4	-1.3%	258,750
September	184.4	179.2				
October	180.0	176.0				
November	162.9	161.6				
December	167.6	167.0				
January - August	1,328.2	1,346.7	1,350.7	4.0	0.3%	246,732

* Represents average daily flow for customers billed on actual readings
Data as of September 1, 2014

August 2014: Estimated Bills

- The percentage of estimated bills was 3.6% in August 2014, which is a 79% decrease since the implementation of automated meter reading began

Estimated Bills: January 2009 vs. August 2014



FY 2014 Lien Sale

- 2,267 liens with \$22.5 million in overdue charges were sold in the regular and subsequent FY 2014 lien sales
- This is approximately 12% more than the value of liens sold in FY 2013

	FY 2013 Lien Sale		FY 2014 Lien Sale		% Change	
	BBL Count	Lien Amount	BBL Count	Lien Amount	BBL Count	Lien Amount
90-Day Notice	19,924	\$216,824,488	16,267	\$192,950,425	-18%	-11%
60-Day Notice	15,341	\$165,657,017	13,551	\$149,237,360	-12%	-10%
30-Day Notice	11,370	\$131,438,111	10,156	\$122,297,451	-11%	-7%
10-Day Notice	9,475	\$116,318,946	8,086	\$100,084,434	-15%	-14%
Regular Sale	1,416	\$15,759,838	1,453	\$14,832,824	3%	-6%
Subsequent Sale	537	\$4,311,307	814	\$7,620,684	52%	77%
Total Sold	1,953	\$20,071,145	2,267	\$22,453,509	16%	12%
Percentage Sold	10%	9%	14%	12%	-	-

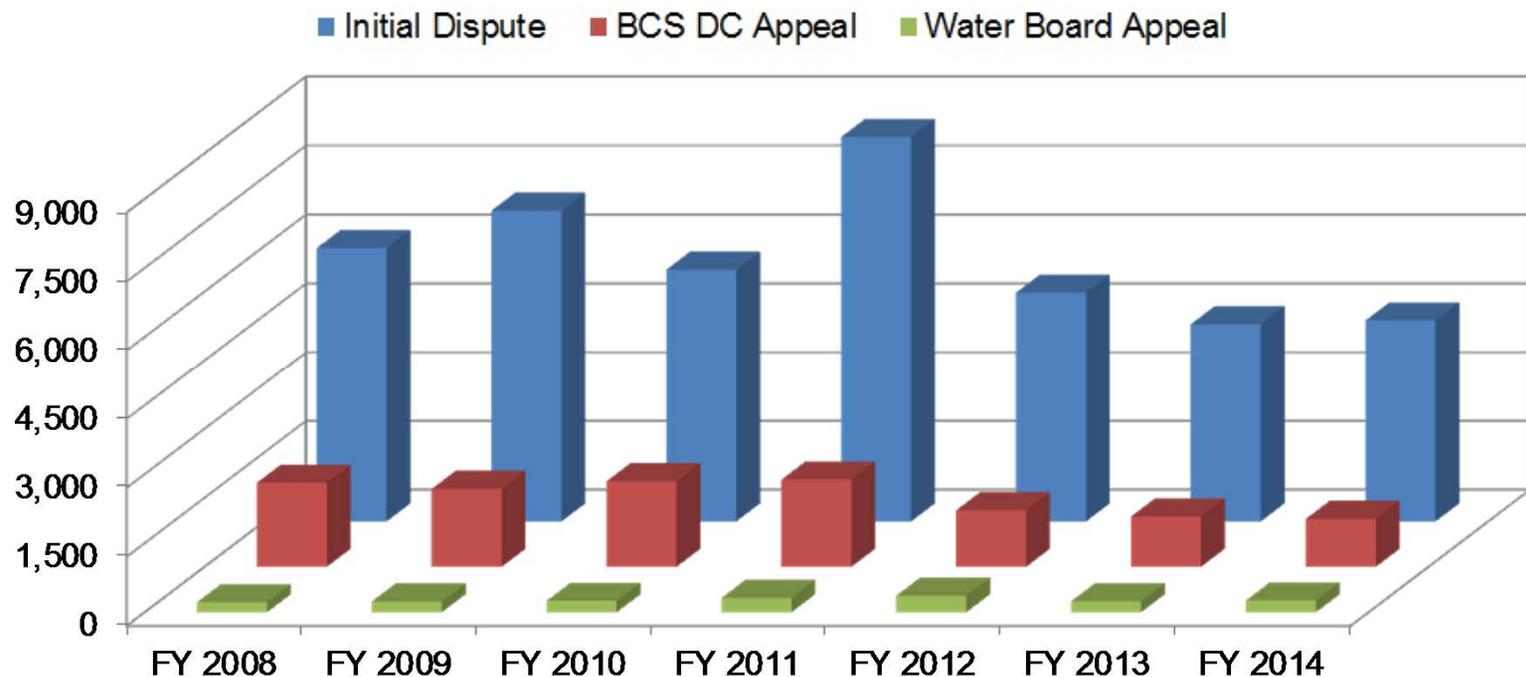
Payment Agreements

- In January 2012, DEP amended its payment agreement terms to allow customers to enter into an agreement for up to 10 years for as little as a 0% down payment
- Since then, customers have entered into 29,254 payment agreements for \$285.5 million
 - 50% of these (or 65% of the agreement amounts) have been for the maximum term of 10 years with only a 2% down payment

Duration (Years)	Number of Agreements	% of Agreements	Agreement Amount (M)	% of Total Amount	Average Down Payment
0 through 4	8,054	28%	\$50.7	18%	9%
5	4,657	16%	\$31.9	11%	5%
6 through 9	1,926	7%	\$18.3	6%	2%
10	14,617	50%	\$184.6	65%	2%
Total	29,254	100%	\$285.5	100%	4%

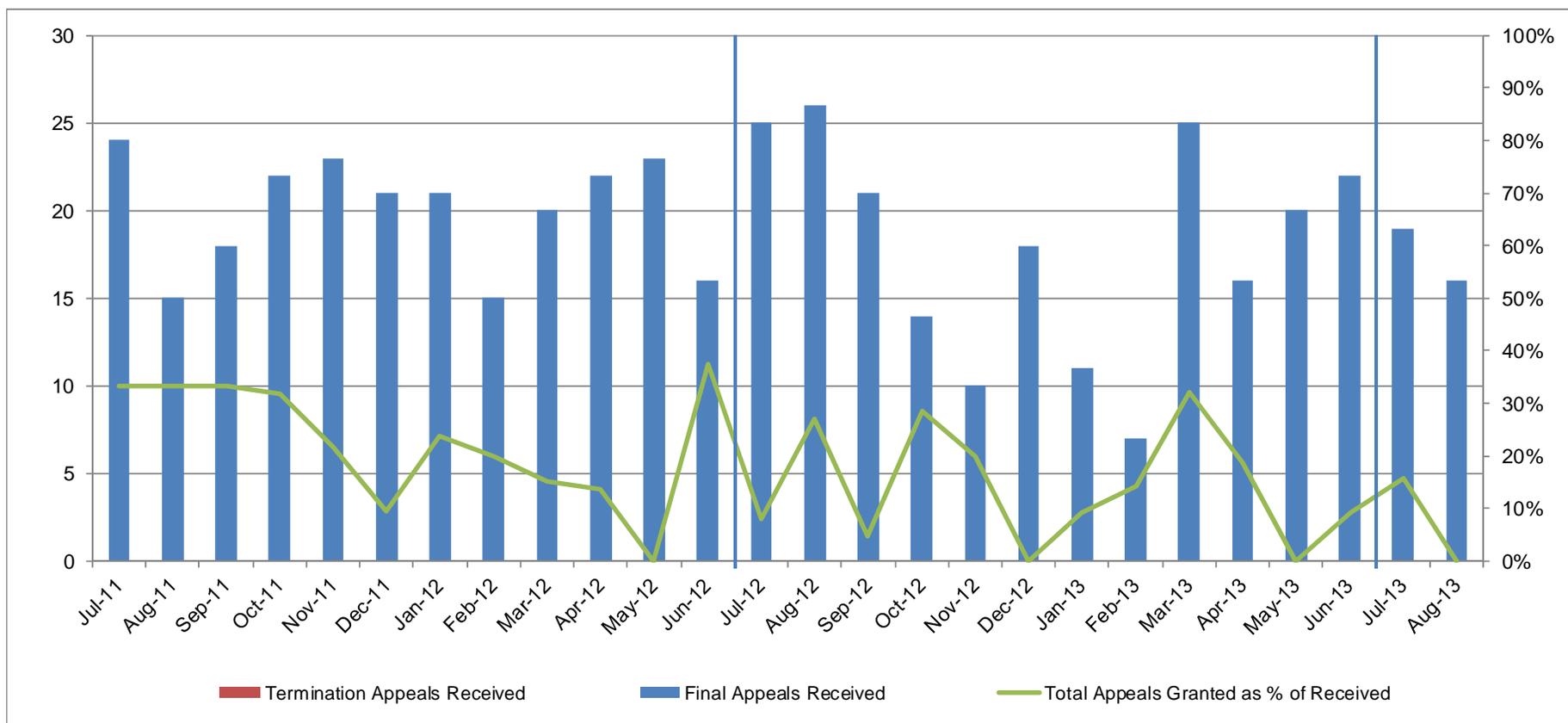
FY 2008 - FY 2014 Billing Dispute Summary

- FY 2014 set a new seven-year low in disputes received



Initial Dispute	5,960	6,774	5,491	8,372	4,991	4,306	3,658
BCS DC Appeal	1,828	1,694	1,860	1,894	1,229	1,094	869
Water Board Appeal	219	236	250	312	363	240	215

Final Appeals



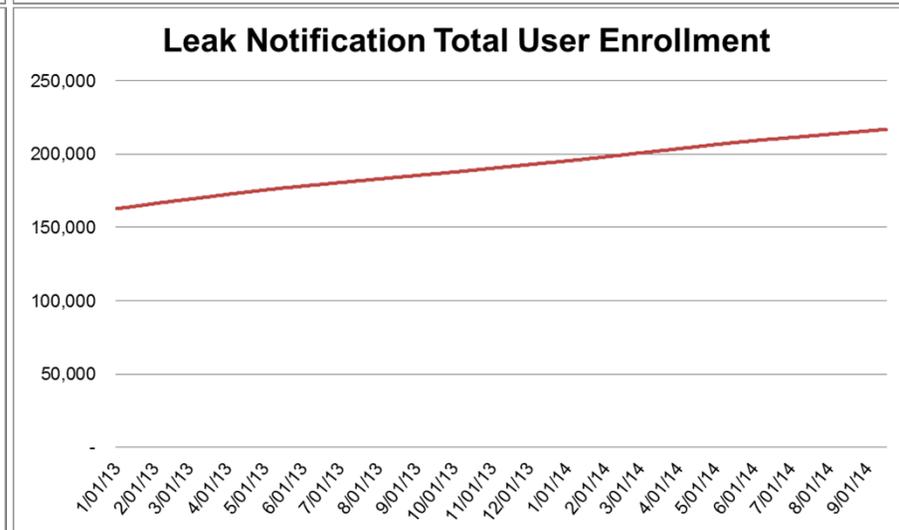
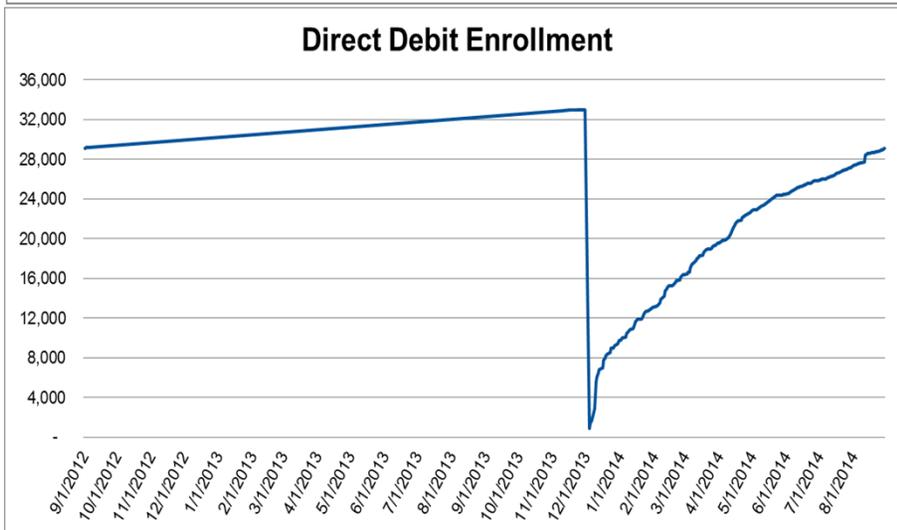
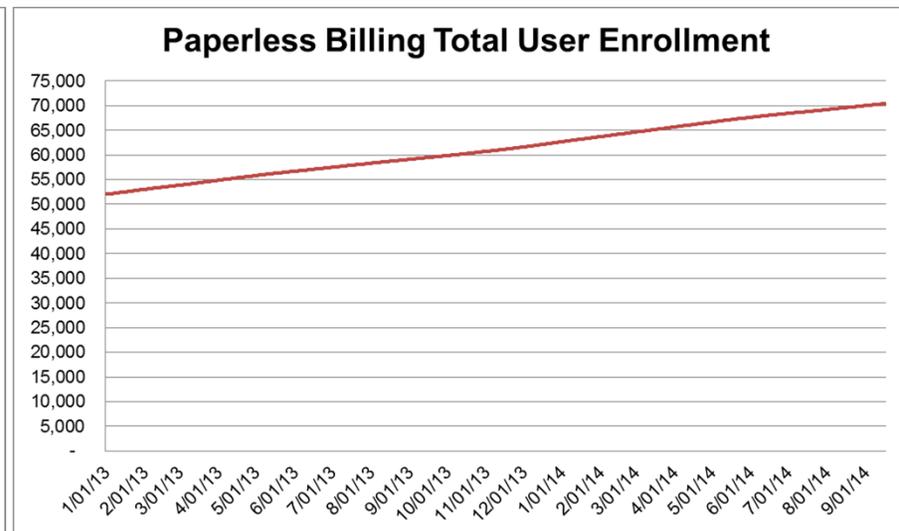
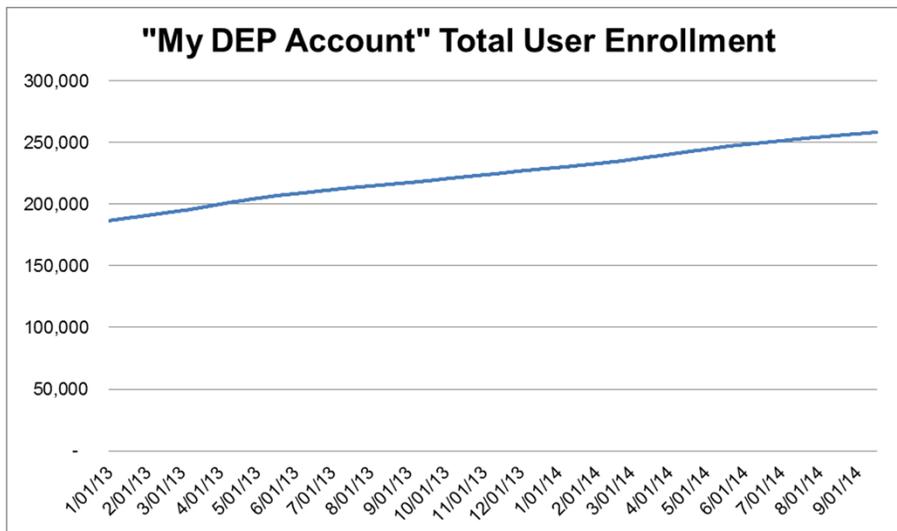
	Final Appeals Received	Final Appeals Granted	Final Appeals Partially Granted	% Granted of Appeals Reviewed in FY
FY 2013	240	9	44	22%
FY 2014*	215	15	16	15%
FY 2015*	35	1	2	9%

* Includes appeals received through August 2014; three FY 2014 and 22 FY 2015 appeal decisions are pending as of September 16, 2014

DEP Online Initiatives - My DEP Account



My DEP Account					
DEP Online Services	Total Enrollees	Total Accounts	Direct Debit Users	Paperless Billing Users	Leak Notification Users
Enrollees	248,797	334,695	29,218	58,346	215,511

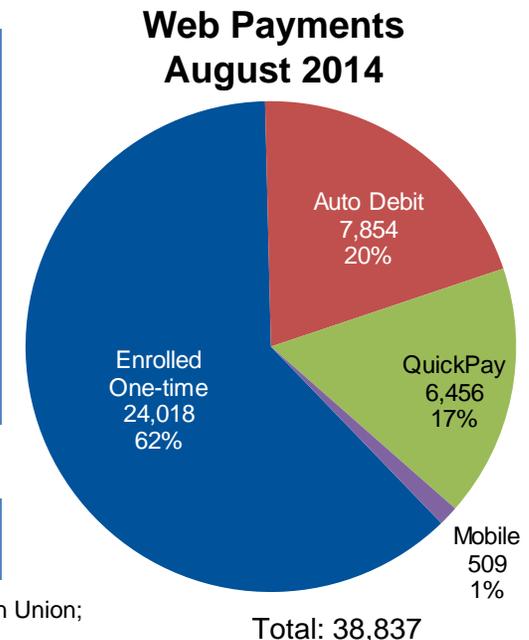


Data as of September 16, 2014

August Customer Collections

- The majority of payments (53%) continued to be remitted to the lockbox in August 2014, but the volume decreased by 6% year-over-year
- The combined volume of DEP payments made via a web-based system (i.e., enrolled one-time, auto debit, QuickPay, and mobile) is 8% higher (+2,805 payments) than in August 2013
 - With the credit card convenience charge reduced from 2.45% to 2.25%, more customers are using credit cards to pay
- The volume of phone-based (IVR) payments increased by 16% year-over-year; customer mailings mentioned the IVR option, and the IVR recording flow was improved
- Payments made from customers' own banking websites increased by 9% year-over-year
- Payments through Western Union are significantly fewer than Apple Bank volume had been

Payment Venue	Year-over-year Change	August 2013	August 2014	August 2014 % of Total
Lockbox	-6%	141,163	132,550	53%
Customer Bank Payments	9%	46,760	51,057	20%
Web (incl. NYC Serv Online)	8%	36,032	38,837	15%
Interactive Voice Response (IVR)	16%	15,223	17,639	7%
Remittance and Borough Office*	12%	8,377	9,417	4%
NYC Serv	-14%	1,894	1,627	1%
Apple Bank/Western Union	-93%	362	27	0%
Total	1%	249,811	251,154	100%



Payment Method of Web and IVR Payments

Payment Method	Year-over-year Change	August 2013	August 2014	August 2014 % of Total
ACH from Bank Account	9%	47,381	51,447	20%
Credit Card	30%	3,874	5,029	2%

Note: Transition to Citibank payment processing occurred in December 2013, including transition from Apple Bank to Western Union; NYC Serv's website began to redirect water and sewer payments to the Board's Citibank website in February 2014

* Item Count for Remittance and Borough Office does not include payments deposited for presentment only

My DEP Mobile App

- *My DEP* app for mobile devices was launched September 9th
- Enables customers to manage their *My DEP* account on their mobile devices, including viewing and paying bills, monitoring water consumption, and receiving leak notifications and new bill alerts
- *My DEP* app is compatible with iOS 6.0 or later (for iPhone, iPad and iPod Touch) and Android 2.3 or later
- The app is free to download from the Apple Store and Google Play
- In the first week, 120 were downloaded for iOS, and 63 were downloaded for Android



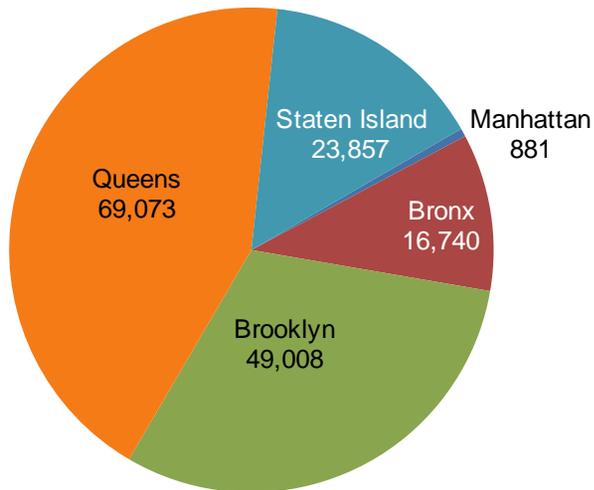
Service Line Protection Programs (SLPP)



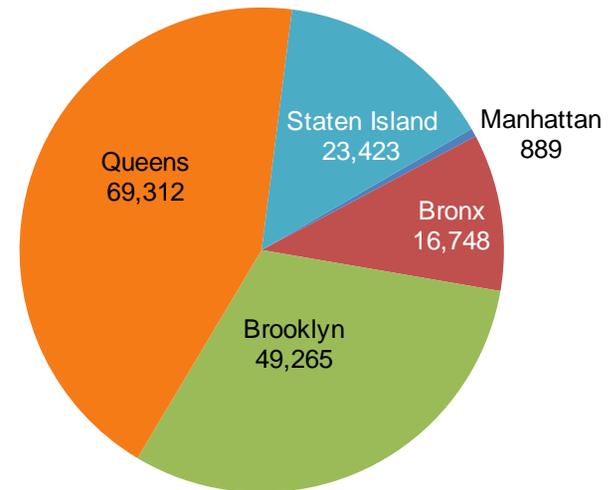
- Approximately 162,100 or 24% of eligible customers have enrolled in at least one of the Service Line Protection Programs to date

Borough	Total Eligible Customers	Enrolled in Water Program	% Enrolled in Water Program	Enrolled in Sewer Program	% Enrolled in Sewer Program
Manhattan	18,485	881	5%	889	5%
Bronx	64,139	16,740	26%	16,748	26%
Brooklyn	213,400	49,008	23%	49,265	23%
Queens	267,503	69,073	26%	69,312	26%
Staten Island	103,825	23,857	23%	23,423	23%
Citywide Total	667,352	159,559	24%	159,637	24%
Single Program		2,457		2,535	
Both Programs		157,102		157,102	

Water SLP



Sewer SLP



SLPP Enrollment & Claim Summary



A & B - Member Customer Count and Claims By Month		Claims Commenced			Projected Annual Incidence Rate vs. Effective Policies			Warranty Claims	
Month	Total Enrolled Customers	WSLPP	SSLPP (Non-Repair)	SSLPP (Repair/Replace)	Total	WSLPP	SSLPP (Non-Repair)	SSLPP (Repair/Replace)	Commenced
Sep-13	101,484	37	104	64	205	0.45%	1.26%	0.78%	34
Oct-13	102,714	45	136	56	237	0.54%	1.63%	0.67%	21
Nov-13	102,031	39	185	59	283	0.47%	2.21%	0.71%	28
Dec-13	102,745	47	212	48	307	0.56%	2.51%	0.57%	25
Jan-14	106,440	76	203	34	313	0.89%	2.38%	0.40%	52
Feb-14	127,820	45	145	43	233	0.52%	1.68%	0.50%	46
Mar-14	137,677	71	236	60	367	0.75%	2.48%	0.63%	60
Apr-14	140,504	71	253	48	372	0.64%	2.28%	0.43%	63
May-14	142,570	65	238	54	357	0.56%	2.05%	0.47%	72
Jun-14	151,354	73	177	62	312	0.61%	1.48%	0.52%	46
Jul-14	158,669	68	167	70	305	0.56%	1.38%	0.58%	45
Aug-14	161,233	65	204	70	339	0.50%	1.58%	0.54%	39
Total (Last 12 Months)		702	2,260	668	3,630	0.59%	1.89%	0.56%	531

C - Calls Received

Month	Enrollment Questions	Billing Questions	Repair Requests	Total
Aug-14	2,872	523	1,165	4,560

D - Call Center Statistics

Month	Avg Answer Time	Avg Hold Time	Avg Resolution Time	% of Calls Handled
Aug-14	0:46	0:27	06:12	94.23%

E - Total Claims Summary

Month	Approved Claims	Denied Claims	Total Claims	Customer Satisfaction
Aug-14	339	256	595	95.71%

F - Claims Detail

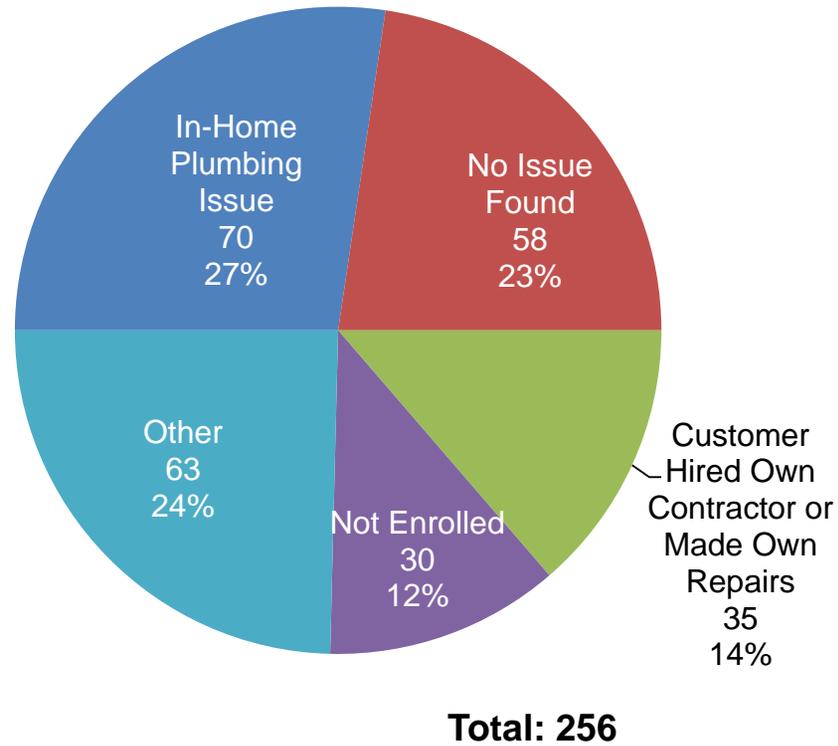
Month	Initial Claims Commenced	Initial Claims Completed	Warranty Claims Commenced	Warranty Claims Completed
Aug-14	339	331	39	38

August Initial Claim Breakdown

# of Claims Commenced	% of Claims Commenced	Type of Claim
8	2%	Water Line Repair
57	17%	Water Line Full Line Replacement
196	58%	Sewer Line Cleaning
8	2%	Sewer Line Jetting
70	21%	Sewer Line Repair
0	0%	Sewer Line Full Line Replacement
339		Total

SLPP Claims Denied

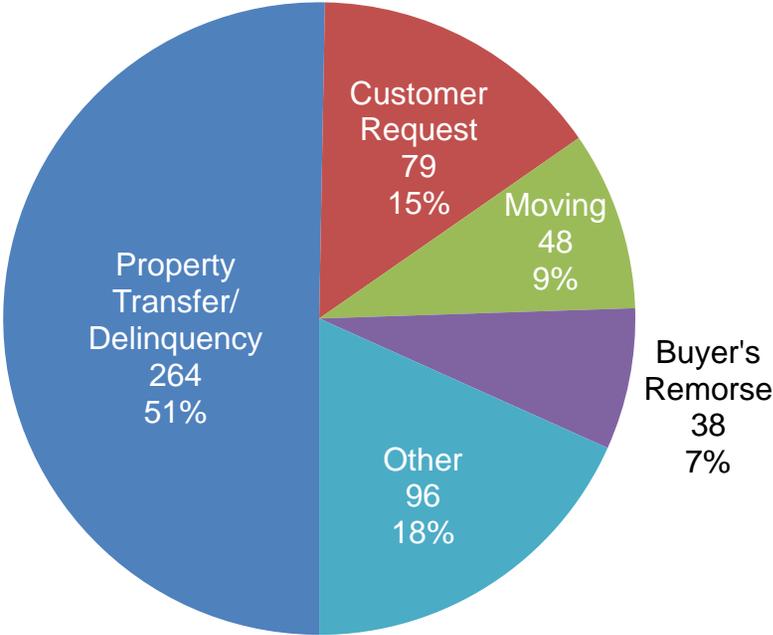
- 256 claims were denied during the month of August



SLPP Policies Cancelled



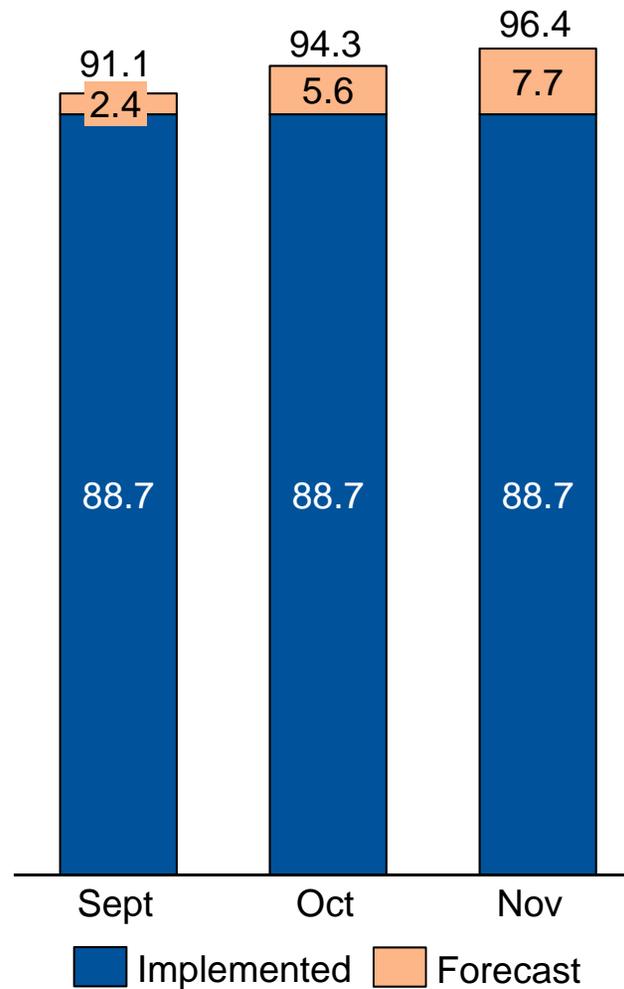
- 525 policies were cancelled in August; this was 0.34% of approximately 154,600 policies that were effective in August



Total: 525

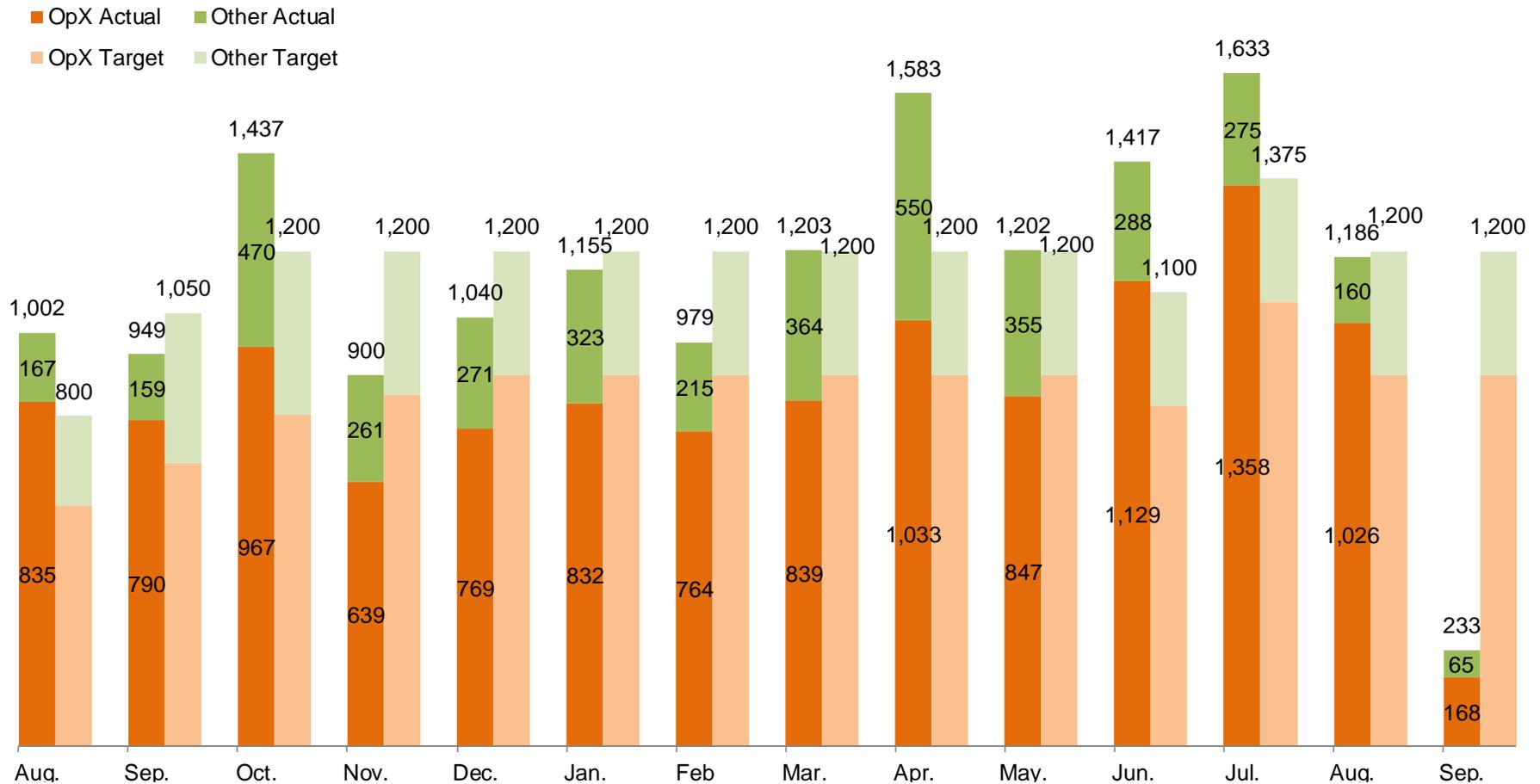
OpX Financial Benefit

- To date, initiatives implemented as part of the OpX program have an annual financial impact of \$88.7 million; \$46.9 million in cost savings and \$41.8 million in additional revenue
- Over the next three months, initiatives worth \$7.7 million will be implemented



Monthly Large Meter Replacements

- For the past year, large meter replacements have averaged 280 a week, surpassing the targeted replacement volume by 4%
- In total, 20,691 large meters have been replaced through September 15, 2014 (14,824 for OpX and 5,867 as other DEP replacements)
- The goal is to replace another 10,950 large meters by June 2015



Data as of September 15, 2014